



DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER
6760 E. IRVINGTON PLACE
DENVER, COLORADO 80279

DFAS-AY/DE

June 17, 2002

MEMORANDUM FOR DIRECTOR FOR ACCOUNTING, DEFENSE FINANCE AND
ACCOUNTING SERVICE CLEVELAND
DIRECTOR FOR ACCOUNTING, DEFENSE FINANCE AND
ACCOUNTING SERVICE DENVER
DIRECTOR FOR ACCOUNTING, DEFENSE FINANCE AND
ACCOUNTING SERVICE INDIANAPOLIS
DIRECTOR FOR ACCOUNTING, DEFENSE FINANCE AND
ACCOUNTING SERVICE KANSAS CITY

SUBJECT: Revised Department of Defense Financial Management
Regulation (DoDFMR), Volume 3, Chapter 11, Policy
For Unmatched Disbursements (UMDs) and Negative
Unliquidated Obligations (NULOs)

In accordance with the Office of Under Secretary of
Defense, Comptroller (OUSD(C)) memorandum dated February 11,
2002, Subject: Revised Obligation Policy for UMDs and NULOs
(attachment 1), the timeframes in which accounting offices
and fund holders are permitted to research and resolve UMDs
and NULOs, will be reduced. The current policy as stated in
the DoDFMR allows for 120 days to research and resolve
disbursements when the disbursing/entitlement office and
accounting offices are co-located, and 180 days when the
offices are not co-located.

Effective April 1, 2002, the timefreame for researching
and resolving disbursements when the disbursing/entitlement
office and accounting offices are co-located is reduced to
90 days. When the offices are not co-located the research
and resolution period is reduced to 120 **days**.

Each Defense Finance and Accounting Service (DFAS)
Center has issued separate implementing instructions to
their field activities as follows:

- a. Denver Center: Email of March 11, 2002, from Ms.
Ann Franklin, Subject: Revised UMD/NULO Policy.
- b. Indianapolis Center: Email of February 15, 2002,
from Mr. Bud Klumph, Subject: Problem Disbursement
Report 3 Changes.

c. Cleveland Center: Email of March 11, 2002, from Ms. Sheila Echols, Subject: Revised Obligation Policy for UMDs and NULOs

The above implementing instructions also apply to the Foreign Military Sales Trust Fund (FMSTF). The Security Assistance network should handle obligations of UMDs/NULOs for the FMSTF and other Security Assistance funds in accordance with the revised instructions, which have been disseminated by each DFAS center. Primary emphasis should be placed on timely review and validation of disbursements to determine where they should be recorded. Also ensure expeditious requests for supporting documentation from the Disbursing Station (DSSN) when specific issues arise that cannot be quickly ascertained by the accountable activity.

Prompt contact must be made with the Program Manager (PM) before UMDs/NULOs reach aged status to determine if an obligation should be recorded against country/case level or, recorded against the appropriate military department's current year administrative fund allotment. Clear systemic procedures must exist to enable immediate notification to the program managers of problem disbursements. Research and correction actions begin as soon as it is apparent that a disbursement transaction has resulted in a UMD or NULO, as specified in paragraph 110301.B of Vol. 3, Chapter 11.

As specified in paragraph 111104.A and B., UMDs/NULOs must be obligated against the FMS case or surcharge account where the UMD/NULO resides, if identified. In general, the nature of NULOs is such that the obligation must be posted against the FMS case from which the disbursement causing the NULO occurred; NULOs are not typically charged against a surcharge account. Therefore, to ensure compliance of the 90/120 day rule, an efficient communication channel between the applicable DFAS field site and the appropriate FMS program manager is critical. This timeframe must be used constructively. The following milestone plan applies to DFAS Accountable Activities:

For Collocated:

- Advise the Program Manager that a NULO/UMD was created

- Complete research into cause of NULO/UMD within 30 days of creation. Ref: DoDFMR paragraph 1107
- After research is completed request via email that customer provide copy of obligation document within the next 60 days
- **If** obligation document is not furnished to DFAS and/or recorded by applicable service by the end of the 60 day period, the DFAS accountable office records the obligation within 10 days using the disbursement information to support existence of the obligation

Collocated includes "Purple OPLOCs" which provide support to more than one service

For Noncollocated:

- Advise Program Manager that a NULO/UMD was created
- Complete research into cause of NULO/UMD within 60 days of creation
- After research is completed request via email that customer provide copy of obligation document within the next 60 days
- If obligation document is not furnished to DFAS and/or recorded by applicable service, by the end of the 60 day period, the DFAS accountable office records the obligation within 10 days using the disbursement information to support existence of the obligation
- Noncollocated does not include "Purple OPLOCs", -as they are considered as collocated.

Whether collocated or noncollocated, when DFAS records the obligation on behalf of the service component, please ensure to notify the appropriations manager or the funds holder within 5 workdays of recording the obligation. This notice must include the details of the NULO/UMD, the date of recording, the amount of the obligation recorded, and identification of the individual recording the obligation. **NOTE:** In the event the recording of a NULO after 120 days by the accounting office causes the country/case obligation authority to be exceeded, it is the responsibility of

the Program Manager to immediately increase the OA. In the event there is an insufficient uncommitted OA balance from which to issue the additional OA, the Program Manager must issue an amendment modification to the country/case.

In addition, please determine the FMS case or account to which corrective obligations will be posted. If the FMS case or administrative surcharge account is not identified, the UMD or NULO(provided the funds were validated as disbursed from administrative surcharge account) must be obligated against the applicable military department's current year allotment within the FMS administrative surcharge account. The use of administrative allotments should be viewed as a last resort. Without exception, the disbursement detail along with the appropriate supporting documentation for the disbursement should determine the appropriate posting of obligations. There are no exceptions.

Any problems associated with DFAS having access to post obligations in some systems should be resolved with the individual military department's FMS program manager, or the program manager should be contacted and asked to immediately post the obligation.

Please disseminate this guidance to the Accountable Stations within your network and to the various FMS program managers who are provided accounting and finance services by DFAS. DSCA will also ensure that this guidance is distributed to the military departments.

If you have questions our points of contact for FMS problem disbursements are: Air Force, DFAS-AYAF/DE, (303) 676-5900; Army, DFAS-AYBAD/DE, (303) 676-7934, and Navy, DFAS-AYBN/DE, (303) 676-7384. Our DSN pre-fix is 926.

Gregory P. Keiling
Director for Security Assistance

cc: DFAS-AYA/DE
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DSCA/COMPT/FM
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